

## Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 SEC-03 JUSE-00 TRSE-00 EB-11 SS-20

NSC-07 SP-03 XMB-07 CEA-02 FRB-02 OMB-01 AID-20 L-03

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NSCE-00 INRE-00 SSO-00 ARAE-00 COME-00 DRC-01 EUR-25

H-03 /145 W

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O R 252128Z JUN 74

FM AMEMBASSY NASSAU

TO SECSTATE WASHDC IMMEDIATE 5719

INFO AMEMBASSY SAN JOSE

C O N F I D E N T I A L NASSAU 1143

E. O. 11652: GDS

TAGS: PINT EFIN BF

SUBJ: LOCAL VIEWS ON BAHAMAS COMMONWEALTH BANK CLOSURE

REF: NASSAU 1136

1. JUNE 21 CLOSURE OF BAHAMAS COMMONWEALTH BANK TOOK NASSAU PUBLIC, INCLUDING THE BUSINESS COMMUNITY, BY SURPRISE. CLOSURE ORDER WAS TIMED TO TAKE EFFECT IMMEDIATELY AFTER FRIDAY'S COB. RUMORS CONCERNING IMPLICATIONS OF CLOSURE ABOUND HERE BUT THERE APPEARS NO PANIC ON THE PART OF DEPOSITORS. MORE INTENSE SPECULATION CENTERS AROUND EFFECT OF POSSIBLE COLLAPSE OF GENERAL BAHAMIAN COMPANIES, WHICH HAS UNDERWRITTEN LARGE NUMBER OF LOCAL ENTERPRISES CONTROLLED BY PLP CRONIES, AND POSSIBLE DIRTY LINEN THAT MIGHT BE PUBLICLY WASHED IN COURSE OF LIQUIDATION PROCEEDINGS INVOLVING GBC AND BCB.

2. LOCAL SPECULATION HAS IT THAT PEAT, MARWICK AUDIT OF BANK GOT INTO HANDS OF DPM AND FINANCE MINISTER HANNA WHO STUDIED IT LAST WEEK AND CAME TO CONCLUSION THAT ITS FINDINGS WERE CONFIDENTIAL  
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SO DAMNING THAT THE BANK SHOULD HAVE ITS LICENSE YANKED FORTHWITH. FURTHER RUMORS ALLEGE: (A) PM PINDLING CONCURRED ONLY

RELUCTANTLY IN CLOSURE DECISION; (B) PINDLING FOUGHT AGAINST DECISION BEFORE CABINET BUT LOST; (C) HANNA GAVE PINDLING NO OPPORTUNITY TO FIGHT DECISION, INFORMING HIM OF IT ONLY AFTER GOVERNOR GENERAL HAD SIGNED ORDER. EMBASSY CONSIDERS ALTERNATIVE (C), AT LEAST, HIGHLY UNLIKELY.

3. MANY PEOPLE BELIEVE THAT IN ANY EVENT PINDLING IS NOT HAPPY WITH CLOSURE DECISION, BOTH BECAUSE HE IS A CAUTIOUS MAN WHO AVOIDS DRAMATIC MOVES BY INSTINCT AND BECAUSE HE WAS APPREHENSIVE CONCERNING IMPLICATIONS OF CLOSURE. THESE APPREHENSIONS ARE THOUGHT TO BE GENERAL, REFLECTING PUBLIC FEARS THAT VESCO-LEBLANC PROP MAY BE PULLED OUT FROM UNDER LOCAL ECONOMY, CREATING A HOUSE-OF-CARDS EFFECT, AND SPECIFIC, CONCERNING POSSIBLE FINANCIAL TIES AMONG PLP STALWARTS THAT MIGHT BE REVEALED THEREBY (HANNA IS THOUGHT BY MOST TO BE RELATIVELY CLEAN IN THIS RESPECT). IF LATTER CONCERN IS A REAL ONE, RISK OF DISCLOSURE WOULD BE GREATLY INTENSIFIED IF GBC MOVES INTO LIQUIDATION AS WELL. GENERAL LOCAL CYNICISM HERE ALLEGES THAT IT WOULD TAKE YEARS FOR EITHER BCB OR GBC LIQUIDATORS TO UNTANGLE SKEIN OF SHELL ORGANIZATIONS AND OTHER SUBTERFUGES AND FIND OUT WHO REALLY OWES WHO WHAT. IT IS ALSO WIDELY BELIEVED THAT PEAT, MARWICK AUDIT AND FINDINGS OF LIQUIDATORS WHO MAY BE APPOINTED WILL NEVER BE MADE PUBLIC. IT SHOULD BE NOTED THAT AUDIT DOES NOT COVER BCB OPERATIONS AFTER JULY 3, 1973, AND THEREFORE MAY EXCLUDE POSSIBLE EVIDENCE OF RECENT TRANSACTIONS BETWEEN THE BANK AND POLITICAL CELEBRITIES.

4. TONE OF MOST SPECULATION AT PRESENT IS THAT PINDLING AND MANY OTHER PLP POLITICIANS ARE ENGAGED IN FINANCIAL DEALINGS THAT WOULD BE HIGHLY EMBARRASSING IF DISCLOSED. THIS REMAINS PURE SPECULATION AND REFLECTS UNEASINESS FOLLOWING IN THE WAKE OF BANK CLOSURE, NASSAU RUMOR MILLS IN LAST FEW DAYS BEING EVEN MORE OVER-HEATED THAN USUAL. CLOSURE AND ACCOMPANYING SPECULATION, HOWEVER, DOES NOT COME AT A PROPITIOUS TIME FOR PINDLING, WHO IS TRYING TO SOOTH YOUNG BACK-BENCHERS, WOO RECLAMITRANT CARLTON FRANCIS AND HOLD ON TO THE "GOOD OLE BOYS" AMONG THE PARTY REGULARS AT THE SAME TIME. ONE SOURCE REPORTS SOURCE WAS TELEPHONED FRIDAY NIGHT BY AN FNM HIGHER-UP WHO  
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CROWD "THE KING (I.E. PINDLING) IS DEAD." THAT HARDLY SEEMS THE CASE, ALTHOUGH CLOSURE COMING AT THIS TIME MAY STRAIN THE PRIME MINISTER'S GENIUS FOR COMPROMISE TO THE UTMOST.

5. ON VESCO HIMSELF, LOCAL OPINION DOUBTS THAT HE WILL BE SEEN IN NASSAU AGAIN. IT APPEARS TO BE AGREED THAT HE AND PINDLING HAD A FALLING-OUT TWO OR THREE MONTHS AGO, ALTHOUGH BECAUSE VESCO TRIED TO LEAN ON PINDLING TOO HARD OR VICE-VERSA IS NOT AGREED. THE GENERAL FEELING IS THAT ALTHOUGH VESCO AND LEBLANC MAY NOT HAVE BEEN GIVEN ADVANCE NOTICE OF

THE BCB CLOSURE ORDER, THEY HAD SEEN THE WRITING ON THE WALL  
AND EITHER HAVE OR WILL MANAGE TO PULL MOST OF THEIR CHEST-  
NUTS OUT OF THE BAHAMIAN FIRE.  
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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** CollinP0  
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**TAGS:** PINT, EFIN, BF, BAHAMAS COMMONWEALTH BANK, (PINDLING, LYNDEN O), (VESCO, ROBERT L)  
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